

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6919

BILL NUMBER: HB 1250

NOTE PREPARED: Jan 10, 2008

BILL AMENDED:

SUBJECT: State Park Development and Funding for the NAIAC.

FIRST AUTHOR: Rep. Klinker

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: *Tippecanoe County Innkeeper's Tax*- The bill requires 50% of the Tippecanoe County innkeeper's tax revenue to be deposited in the Special Account through December 2029 (rather than December 2014 as provided in current law). The bill provides that 60% (rather than 75%) of the amounts deposited in the Special Account must be distributed to the Department of Natural Resources. The bill provides that 40% (rather than 25%) of the amounts deposited in the Special Account must be distributed to a community development corporation (CDC). The bill provides that through December 2029 (rather than December 2012) 40% of the amounts distributed to a CDC must be paid as a grant to a certain nonprofit corporation. The bill provides that an alternative distribution schedule applies after December 2029 (rather than December 2014).

Bureau of Motor Vehicles- The bill requires the Bureau of Motor Vehicles (BMV) to design the Indiana Native American Trust License Plate with the advice of the Native American Indian Affairs Commission (NAIAC).

Indiana Native American Trust Fund- The bill provides that money in the Indiana Native American Trust Fund (the Fund) must be paid to Historic Prophetstown through 2008 and to the NAIAC beginning in 2009.

Effective Date: July 1, 2008.

Explanation of State Expenditures: *Indiana Native American Trust Fund*- Under the bill, Historic Prophetstown (previously known as The Museums At Prophetstown, Inc.) would continue to receive transfers from the Fund until before January 1, 2009. After December 31, 2008, revenue placed into the Fund would be transferred to the NAIAC to be used for any lawful purpose of the NAIAC.

Background- As of December 11, 2007, there was un-designated balance of \$20,882.50 within the Fund. Currently, all revenue from the Fund is distributed to the Museum At Prophetstown, Inc. Money in the Fund at the end of a state fiscal year does not revert to the state General Fund.

Explanation of State Revenues: *Tippecanoe County Innkeeper's Tax-* The Department of Natural Resources would receive less revenue from the Tippecanoe innkeeper's tax for Prophetstown State Park development projects. The DNR currently receives 75% of half of all innkeeper's tax collected within the county, or 37.5% of total revenue. As a result of the proposed change, the DNR would receive 30% of total revenue collected by the tax.

Tippecanoe County's innkeeper's tax collections totaled \$1.7 M during FY 2007. Half of the \$1.7 M would be about \$858,000. The DNR's FY 2007 share under the bill would have been \$514,000 (60% of \$858,000). Under the distribution formula of current law, \$643,000 (75% of the \$858,000) would have been retained by the DNR.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Tippecanoe County Innkeeper's Tax-* Currently, half of Tippecanoe County's innkeeper's tax revenue is placed into a special account until December 2014. The bill would extend the 50% distribution percentage to December 2029.

Distribution Changes within the Special Account: Under current law, 25% of the revenue deposited in the Special Account goes to the Greater Lafayette Community Development Corporation (CDC), which serves Lafayette and West Lafayette. The CDC percentage of revenue received from the Special Account would be increased to 40% under the bill.

-CDC Revenue Usage Distribution: Under current law, not less than 40% of the CDC's share of innkeeper's tax revenue is distributed as a grant for land lease by a nonprofit corporation in the Tippecanoe River State Park. The bill would change the grant's sunset provision and extend the grant by 17 years to December 2029. (The CDC land lease grant is set to expire after December 2012 under current law.)

Tippecanoe County's innkeeper's tax collections totaled \$1.7 M during FY 2007. Half of the \$1.7 M would be about \$858,000. Had the CDC share from the Special Account been 40% percent during FY 2007, then \$343,000 of the \$858,000 would have been retained by the CDC. In actuality, at a share of 25%, roughly \$214,000 would have been retained by the CDC during FY 2007 under the formula for distribution in current law.

State Agencies Affected: Department of Natural Resources; Bureau of Motor Vehicles; NAIAC.

Local Agencies Affected: Tippecanoe County.

Information Sources: *Indiana Handbook of Taxes, Revenues, and Appropriations.*

Fiscal Analyst: Chris Baker, 317-232-9851.